

AMENDED IN SENATE MAY 8, 2014
AMENDED IN SENATE APRIL 21, 2014
AMENDED IN SENATE APRIL 8, 2014
AMENDED IN SENATE MARCH 18, 2014
AMENDED IN SENATE MARCH 5, 2014
AMENDED IN SENATE JANUARY 7, 2014
AMENDED IN SENATE SEPTEMBER 11, 2013
AMENDED IN SENATE AUGUST 26, 2013
AMENDED IN ASSEMBLY MAY 21, 2013
AMENDED IN ASSEMBLY APRIL 23, 2013
AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1331

Introduced by Assembly Member Rendon
(Principal coauthors: Assembly Members Alejo and Quirk-Silva)
(Coauthors: Assembly Members Ian Calderon, Chau, ~~Stone~~,
V. Manuel Pérez, Stone, Williams, and Yamada
(Coauthor: Senator Lara)

February 22, 2013

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable drinking water program, by providing the funds necessary therefor through an election for the issuance and sale of bonds

of the State of California and for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Rendon. Clean, Safe, and Reliable Drinking Water Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$8,000,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable drinking water program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Division 26.7 (commencing with Section 79700)
- 2 of the Water Code, as added by Section 1 of Chapter 3 of the
- 3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.
- 4 SEC. 2. Division 26.7 (commencing with Section 79700) is
- 5 added to the Water Code, to read:

DIVISION 26.7. CLEAN, SAFE, AND RELIABLE
DRINKING WATER ACT OF 2014.

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the
Clean, Safe, and Reliable Drinking Water Act of 2014.

CHAPTER 2. FINDINGS

79701. The people of California find and declare all of the
following:

(a) Safeguarding supplies of clean and safe drinking water to
California's homes, businesses, and farms is an essential
responsibility of government, and critical to protecting the quality
of life for Californians.

(b) Every Californian should have access to clean, safe, and
reliable drinking water, consistent with the human right to water
and Section 106.3. Providing adequate supplies of clean, safe, and
reliable drinking water is vital to keeping California's economy
growing and strong.

(c) Climate change has impaired California's capacity to ensure
clean, safe, and reliable drinking water, as droughts have become
more frequent and more severe, and ecosystems have become
stressed. Higher temperatures mean less snow pack, which is the
state's largest water reservoir. Scientists project a loss of at least
25 percent of the snow pack in the Sierra Nevada Mountains by
2050. The Colorado River basin, which provides drinking water
to southern California, has experienced prolonged drought .

(d) California's water infrastructure continues to age and
deteriorate. More than 50 years ago, Californians approved the
construction of the State Water Project. In the decades that
followed, California's water leaders developed the most
sophisticated system of state, federal, regional, and local water
infrastructure anywhere in the world. In recent decades, however,
that water infrastructure and the water environment on which it
depends have deteriorated.

(e) In the years since the voters approved the State Water
Project, California's population has continued to grow, from less
than 16 million in 1960 to more than 37 million in 2010. A growing

1 population and a growing economy have put greater stress on
2 California's natural resources, including water. The Department
3 of Finance projects that California's population will reach 50
4 million by 2049.

5 (f) A growing population and a growing economy have put
6 greater stress on California's natural resources, including water.
7 Contamination of groundwater aquifers from economic activity
8 in the agricultural and industrial sectors has threatened vital
9 drinking water supplies.

10 (g) As California and its water infrastructure have grown,
11 increasing demands on California's limited water supplies and
12 deteriorating aquatic ecosystems have led to intense conflict,
13 further threatening the reliability of clean and safe drinking water.

14 79702. The people of California find and declare all of the
15 following:

16 (a) A sustainable water future can provide the means for
17 California to maintain vibrant communities, globally competitive
18 agriculture, and healthy ecosystems, which are all a part of the
19 quality of life that attracts so many to live in California.

20 (b) Responding to climate change, ensuring clean and safe
21 drinking water, and preparing for California's continued growth
22 will require a diversified portfolio of strategies and investments
23 to address the many water challenges facing California.

24 (c) Improving water quality offers one of the most immediate
25 steps to ensuring a clean and safe drinking water supply. California
26 needs water quality improvements at all parts of the hydrologic
27 cycle, from source water in the watersheds where the state's
28 drinking water supplies originate to wastewater treatment and
29 potential reuse to improve surface water quality for those who live
30 downstream.

31 (d) Addressing the challenges to the sustainability of the Delta,
32 the heart of the California water system, will help resolve some
33 of the conflicts that impede progress in improving the statewide
34 water system.

35 (e) Enhancing regional water self-reliance consistent with
36 Section 85021 offers a key strategy for addressing climate change
37 and improving water supply reliability. It helps the Delta and it
38 helps local communities to address their own water challenges.
39 Water conservation and water recycling form one part of the

1 regional water self-reliance strategy and are commonsense methods
2 to make more efficient use of existing water supplies.

3
4 CHAPTER 3. DEFINITIONS
5

6 79703. Unless the context otherwise requires, the definitions
7 set forth in this section govern the construction of this division, as
8 follows:

9 (a) “CALFED Bay-Delta Program” means the program
10 described in the Record of Decision dated August 28, 2000.

11 (b) “Commission” means the California Water Commission.

12 (c) “Committee” means the Clean, Safe, and Reliable Drinking
13 Water Finance Committee created by Section 79802.

14 (d) “Delta” means the Sacramento-San Joaquin Delta, as defined
15 in Section 85058.

16 (e) “Delta conveyance facilities” means facilities that convey
17 water directly from the Sacramento River to the State Water Project
18 or the federal Central Valley Project pumping facilities in the south
19 Delta.

20 (f) “Delta counties” means the Counties of Contra Costa,
21 Sacramento, San Joaquin, Solano, and Yolo.

22 (g) “Department” means the Department of Water Resources.

23 (h) “Director” means the Director of Water Resources.

24 (i) “Disadvantaged community” has the meaning set forth in
25 subdivision (a) of Section 79505.5.

26 ~~(j) “Economically distressed area” means a municipality with~~
27 ~~a population of 20,000 persons or less, a rural county, or a~~
28 ~~reasonably isolated and divisible segment of a larger municipality~~
29 ~~where the segment of the population is 20,000 persons or less,~~
30 ~~with an annual median household income that is less than 85~~
31 ~~percent of the statewide median household income, and with one~~
32 ~~or more of the following conditions as determined by the~~
33 ~~department:~~

34 ~~(1) Financial hardship.~~

35 ~~(2) Unemployment rate at least 2 percent higher than the~~
36 ~~statewide average.~~

37 ~~(3) Low population density.~~

38 (j) “Dry weather runoff” means surface waterflow produced
39 by nonstormwater resulting from residential, commercial, and

1 *industrial activities involving the use of potable and nonpotable*
2 *water.*

3 (k) “Fund” means the Clean, Safe, and Reliable Drinking Water
4 Fund of 2014 created by Section 79717.

5 (l) “Integrated regional water management plan” has the
6 meaning set forth in Section 10534.

7 (m) “Nonprofit organization” means an organization qualified
8 to do business in California and qualified under Section 501(c)(3)
9 of Title 26 of the United States Code.

10 (n) “Public agency” means a state agency or department, district,
11 joint powers authority, city, county, city and county, or other
12 political subdivision of the state.

13 (o) “Rainwater” has the meaning set forth in subdivision (c) of
14 Section 10573.

15 (p) “Secretary” means the Secretary of the Natural Resources
16 Agency.

17 (q) “Severely disadvantaged community” has the meaning set
18 forth in subdivision (n) of Section 116760.20 of the Health and
19 Safety Code.

20 (r) “Small community water system” means a community water
21 system that serves no more than 3,300 service connections or a
22 yearlong population of no more than 10,000 persons.

23 (s) “State board” means the State Water Resources Control
24 Board.

25 (t) “State General Obligation Bond Law” means the State
26 General Obligation Bond Law (Chapter 4 (commencing with
27 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
28 Code).

29 (u) “State small water system” has the meaning set forth in
30 subdivision (n) of Section 116275 of the Health and Safety Code.

31 (v) “Stormwater” has the meaning set forth in subdivision (e)
32 of Section 10573.

33

34 CHAPTER 4. GENERAL PROVISIONS

35

36 79705. An amount that equals not more than 5 percent of the
37 funds allocated for a financial assistance program pursuant to this
38 division may be used to pay the administrative costs of that
39 program.

1 79706. Unless otherwise specified, up to 10 percent of funds
2 allocated for each program funded by this division may be
3 expended for planning and monitoring necessary for the successful
4 design, selection, and implementation of the projects authorized
5 under that program. This section shall not otherwise restrict funds
6 ordinarily used by an agency for “preliminary plans,” “working
7 drawings,” and “construction” as defined in the annual Budget Act
8 for a capital outlay project or grant project. Water quality
9 monitoring data shall be collected and reported to the state board
10 in a manner that is compatible and consistent with surface water
11 monitoring data systems or groundwater monitoring data systems
12 administered by the state board. Watershed monitoring data shall
13 be collected and reported to the Department of Conservation in a
14 manner that is compatible and consistent with the statewide
15 watershed program data system administered by the Department
16 of Conservation.

17 79707. Chapter 3.5 (commencing with Section 11340) of Part
18 1 of Division 3 of Title 2 of the Government Code does not apply
19 to the development or implementation of programs or projects
20 authorized or funded under this division other than Chapter 9
21 (commencing with Section 79760).

22 79708. (a) Before disbursing grants or loans pursuant to this
23 division, each state agency that receives an appropriation from the
24 funding made available by this division to administer a competitive
25 grant or loan program under this division shall develop and adopt
26 project solicitation and evaluation guidelines. The guidelines shall
27 include monitoring and reporting requirements and may include
28 a limitation on the dollar amount of grants or loans to be awarded.
29 If the state agency previously has developed and adopted project
30 solicitation and evaluation guidelines that comply with the
31 requirements of this subdivision, it may use those guidelines.

32 (b) Before disbursing grants or loans, the state agency shall
33 conduct three public meetings to consider public comments prior
34 to finalizing the guidelines, as the implementing state agency
35 determines to be necessary. The state agency shall publish the draft
36 solicitation and evaluation guidelines on its Internet Web site at
37 least 30 days before any public meetings held pursuant to this
38 subdivision. Upon adoption, the state agency shall transmit copies
39 of the guidelines to the fiscal committees and the appropriate policy
40 committees of the Legislature.

1 79709. It is the intent of the people that:

2 (a) The investment of public funds pursuant to this division will
3 result in public benefits that address the most critical statewide
4 needs and priorities for public funding.

5 (b) Beneficiaries pay for the benefits they receive from projects
6 funded pursuant to this division.

7 (c) In the appropriation and expenditure of funding authorized
8 by this division, priority will be given to projects that leverage
9 private, federal, or local funding or produce the greatest public
10 benefit.

11 (d) A funded project advances the purposes of the chapter from
12 which the project received funding.

13 (e) In making decisions regarding water resources, state and
14 local water agencies use the best available science to inform those
15 decisions.

16 (f) Special consideration will be given to projects that employ
17 new or innovative technology or practices, including decision
18 support tools that support the integration of multiple jurisdictions,
19 including, but not limited to, water supply, flood control, land use,
20 and sanitation.

21 (g) Except as provided in Sections 79726 and 79727, the costs
22 of stewardship, operation, and maintenance of the projects funded
23 by this division will be paid from other sources of revenue that are
24 sustainable over the long term.

25 (h) Evaluation of projects considered for funding pursuant to
26 this division will include review by professionals in the fields
27 relevant to the proposed project.

28 (i) To the extent practicable, a project supported by funds made
29 available by this division will include signage informing the public
30 that the project received funds from the Clean, Safe, and Reliable
31 Drinking Water Act of 2014.

32 (j) Projects funded with proceeds from this division will be
33 consistent with Division 7 (commencing with Section 13000) of
34 this code and Section 13100 of the Government Code.

35 79710. (a) The California State Auditor shall annually conduct
36 a programmatic review and an audit of expenditures from the fund.

37 (b) Notwithstanding Section 10231.5 of the Government Code,
38 the California State Auditor shall report its findings annually on
39 or before March 1 to the Governor and the Legislature, and shall
40 make the findings available to the public.

1 (c) If an audit, required by statute, of a public agency that
2 receives funding authorized by this division is conducted pursuant
3 to state law and reveals any impropriety, the California State
4 Auditor or the Controller may conduct a full audit of any or all of
5 the activities of the public agency.

6 (d) The state agency issuing any grant or loan with funding
7 authorized by this division shall require adequate reporting of the
8 expenditures of the funding from the grant or loan.

9 79711. (a) Funds provided by this division shall not be
10 expended to support or pay for the costs of project or permit
11 specific environmental mitigation measures except as part of the
12 environmental mitigation costs of projects financed by this division.
13 Funds provided by this division may be used for environmental
14 enhancements or other public benefits.

15 (b) Funds provided by this division shall not be expended for
16 the acquisition or transfer of water rights except for a dedication
17 of water approved in accordance with Section 1707.

18 (c) *Funds provided by this division shall not be expended to*
19 *support or pay for penalties or correcting violations.*

20 79712. Funds provided by this division shall not be expended
21 to pay the costs of the design, construction, operation, mitigation,
22 or maintenance of Delta conveyance facilities. Those costs shall
23 be the responsibility of the water agencies that benefit from the
24 design, construction, operation, or maintenance of those facilities.

25 79713. (a) This division does not diminish, impair, or
26 otherwise affect in any manner whatsoever any area of origin,
27 watershed of origin, county of origin, or any other water rights
28 protections, including, but not limited to, rights to water
29 appropriated before December 19, 1914, provided under the law.
30 This division does not limit or affect the application of Article 1.7
31 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
32 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
33 11463, and Sections 12200 to 12220, inclusive.

34 (b) For the purposes of this division, an area that utilizes water
35 that has been diverted and conveyed from the Sacramento River
36 hydrologic region, for use outside the Sacramento River hydrologic
37 region or the Delta, shall not be deemed to be immediately adjacent
38 thereto or capable of being conveniently supplied with water
39 therefrom by virtue or on account of the diversion and conveyance

1 of that water through facilities that may be constructed for that
2 purpose after January 1, 2014.

3 (c) Nothing in this division supersedes, limits, or otherwise
4 modifies the applicability of Chapter 10 (commencing with Section
5 1700) of Part 2 of Division 2, including petitions related to any
6 new conveyance constructed or operated in accordance with
7 Chapter 2 (commencing with Section 85320) of Part 4 of Division
8 35.

9 (d) Unless otherwise expressly provided, nothing in this division
10 supersedes, reduces, or otherwise affects existing legal protections,
11 both procedural and substantive, relating to the state board's
12 regulation of diversion and use of water, including, but not limited
13 to, water right priorities, the protection provided to municipal
14 interests by Sections 106 and 106.5, and changes in water rights.
15 Nothing in this division expands or otherwise alters the state
16 board's existing authority to regulate the diversion and use of water
17 or the courts' existing concurrent jurisdiction over California water
18 rights.

19 (e) Nothing in this division shall be construed to affect the
20 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
21 with Section 5093.50) of Division 5 of the Public Resources Code)
22 and funds authorized pursuant to this division shall not be available
23 for any project that could have an adverse effect on the values
24 upon which a wild and scenic river or any other river is afforded
25 protections pursuant to the California Wild and Scenic Rivers Act.

26 (f) Nothing in this division supersedes, limits, or otherwise
27 modifies the Sacramento-San Joaquin Delta Reform Act of 2009
28 (Division 35 (commencing with Section 85000)).

29 79714. Eligible applicants under this division are public
30 agencies, public utilities, federally recognized Indian tribes, state
31 Indian tribes listed on the Native American Heritage Commission's
32 California Tribal Consultation List, and nonprofit organizations.
33 A public agency may use funding authorized by this division to
34 benefit recipients of water from mutual water companies that
35 operate a public water system if the funding provides public
36 benefits. To be eligible for funding under this division, a project
37 proposed by a public utility shall have a clear and definite public
38 purpose, benefit its customers, and comply with Public Utilities
39 Commission rules on government funding for public utilities.

1 79715. The Legislature may enact legislation necessary to
2 implement programs funded by this division.

3 79716. (a) Funding made available by this division shall not
4 be appropriated to a specific project.

5 (b) Projects funded pursuant to this division shall use the
6 services of the California Conservation Corps or certified
7 community conservation corps, as defined in Section 14507.5 of
8 the Public Resources Code, whenever feasible.

9 (c) The Legislature may approve multiyear budget change
10 proposals for appropriation of the funds authorized by this division.

11 79717. The proceeds of bonds issued and sold pursuant to this
12 division shall be deposited into the Clean, Safe, and Reliable
13 Drinking Water Fund of 2014, which is hereby created in the State
14 Treasury.

15 79718. Each state agency that receives an appropriation of
16 funding made available by this division shall be responsible for
17 establishing metrics of success and reporting the status of projects
18 and all uses of the funding on the state's bond accountability
19 Internet Web site, as provided by statute.

20 79719. All references in this division to other provisions of
21 law shall incorporate those provisions as they may be amended.

22
23 CHAPTER 5. CLEAN AND SAFE DRINKING WATER
24

25 79720. The sum of one billion dollars (\$1,000,000,000) shall
26 be available, upon appropriation by the Legislature from the fund,
27 to the state board for expenditures, grants, and loans for projects
28 that improve water quality or help provide clean and safe drinking
29 water to all Californians.

30 79721. The projects eligible for funding pursuant to this chapter
31 shall help improve water quality for a beneficial use. The purposes
32 of this chapter are to:

33 (a) Reduce contaminants in drinking water supplies regardless
34 of the source of the water or the contamination, including the
35 assessment and prioritization of the risk to the safety of drinking
36 water supplies.

37 (b) Address the critical and immediate needs of disadvantaged,
38 rural, or small communities that suffer from contaminated drinking
39 water supplies, including, but not limited to, projects that address
40 a public health emergency.

1 (c) Leverage other private, federal, state, and local drinking
2 water quality and wastewater treatment funds.

3 (d) Reduce contaminants in discharges to, and improve the
4 quality of, surface water streams.

5 (e) Improve water quality of surface water streams, including
6 multibenefit stormwater quality projects.

7 (f) Prevent further contamination of drinking water supplies.

8 (g) Provide disadvantaged communities with public drinking
9 water infrastructure that provides clean and safe drinking water
10 supplies that the community can sustain over the long term.

11 (h) Ensure access to clean, safe, and affordable drinking water
12 for California's communities.

13 (i) *Meet primary or secondary safe drinking water standards*
14 *or remove contaminants identified by the state or federal*
15 *government for development of a primary or secondary drinking*
16 *water standard.*

17 79722. (a) A project that receives funding under this chapter
18 shall be selected by a competitive grant or loan process with added
19 consideration for those projects that leverage private, federal, or
20 local funding. This subdivision shall not apply to projects for the
21 purposes of Section 79727 that address a public health priority for
22 which no other source of funding can be identified.

23 (b) The state board shall assess the capacity of a community to
24 pay for the operation and maintenance of the facility to be funded.

25 (c) A project that receives funding authorized by this chapter
26 may be implemented by any public water system or other public
27 water agency.

28 79723. An applicant for a project to clean up a groundwater
29 aquifer shall demonstrate that a public agency has authority to
30 manage the water resources in that aquifer in order to be eligible
31 for funding pursuant to this chapter. This section does not apply
32 to projects that install treatment facilities at the wellhead, customer
33 connection, or the tap.

34 79724. The contaminants that may be addressed with funding
35 pursuant to this chapter may include, but shall not be limited to,
36 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
37 selenium, hexavalent chromium, mercury, PCE
38 (perchloroethylene), TCE (trichloroethylene), DCE
39 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP
40 (trichloropropane), carbon tetrachloride, 1,4-dioxane,

1 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,
2 manganese, and uranium.

3 79725. (a) Of the funds authorized in Section 79720, not less
4 than four hundred million dollars (\$400,000,000) shall be available
5 for deposit in the State Water Pollution Control Revolving Fund
6 Small Community Grant Fund created pursuant to Section 13477.6
7 for grants for wastewater treatment projects. Priority shall be given
8 to projects that serve disadvantaged communities and severely
9 disadvantaged communities, and to projects that address public
10 health hazards. Projects may include, but not be limited to, projects
11 that identify, plan, design, and implement regional mechanisms
12 to consolidate wastewater systems or provide affordable treatment
13 technologies.

14 (b) *The state board may expend up to ten million dollars*
15 *(\$10,000,000) of the funds allocated in subdivision (a) for technical*
16 *assistance to eligible communities.*

17 79726. (a) Of the funds authorized in Section 79720, one
18 hundred million dollars (\$100,000,000) shall be available for
19 deposit in the Emergency Clean Water Grant Fund, established
20 pursuant to Section 116475 of the Health and Safety Code, for
21 grants, *loans*, and direct expenditures to finance public health
22 emergencies and urgent actions, as may be determined by the
23 Legislature, to ensure that safe drinking water supplies are available
24 to all Californians. Eligible projects include, but are not limited
25 to, the following:

26 (1) ~~Providing interim water supplies, including, but not limited~~
27 ~~to, bottled water,~~ where necessary to protect public health. *For the*
28 *purposes of this subdivision, “interim” means the limited period*
29 *of time needed to address the identified urgent need for safe*
30 *drinking water, not to exceed three years.*

31 (2) ~~Identifying, planning,~~ *Planning*, designing, and constructing
32 projects that improve or replace existing water systems to provide
33 safe, reliable, accessible, and affordable drinking water, provide
34 other sources of safe drinking water, including, but not limited to,
35 replacement wells, and prevent contamination.

36 (3) Establishing connections to an adjacent water system.

37 (4) The design, purchase, installation, and initial operating costs
38 for interim water treatment equipment and systems. *For the*
39 *purposes of this subdivision, “initial operating costs” means those*
40 *initial, eligible, and reimbursable costs under an agreement for*

1 *interim water treatment equipment and systems that are incurred*
2 *up to, and including, initial startup testing of the equipment and*
3 *systems. Initial operating costs are eligible to receive funding*
4 *pursuant to this section for a period not to exceed one year.*

5 (b) The state board may expend up to ten million dollars
6 (\$10,000,000) for grants and loans to address the water quality
7 needs of ~~private~~ domestic well owners that have no other source
8 of funding and serve members of a disadvantaged community.

9 (c) Any funds allocated pursuant to this section to an
10 investor-owned utility regulated by the Public Utilities Commission
11 or for the benefit of a mutual water company shall be expended
12 for the benefit of the ratepayers or the public, not the investors,
13 and the utility or company shall not charge the water system's
14 ratepayers for the same water infrastructure improvements funded
15 by this section.

16 79727. (a) (1) Of the funds authorized in Section 79720, four
17 hundred million dollars (\$400,000,000) shall be available for grants
18 and loans for public water system infrastructure improvements
19 and related actions to meet safe drinking water standards, ensure
20 affordable drinking water, or both. Priority shall be given to
21 projects that provide treatment for contamination or access to an
22 alternate drinking water source or sources for small community
23 water systems or state small water systems in disadvantaged
24 communities whose drinking water source is impaired by chemical
25 and nitrate contaminants and other health hazards identified by
26 the implementing agency. Eligible recipients serve disadvantaged
27 communities and are public agencies or incorporated mutual water
28 companies. The state board may make grants for the purpose of
29 financing feasibility studies and to meet the eligibility requirements
30 for a construction grant. Eligible expenses may include initial
31 operation and maintenance costs for systems serving disadvantaged
32 communities, for a period not to exceed two years. Special
33 consideration shall be given to projects that provide shared
34 solutions for multiple communities, at least one of which is a
35 disadvantaged community that lacks safe, affordable drinking
36 water and is served by a small community water system, state
37 small water system, or a private well. Construction grants shall be
38 limited to five million dollars (\$5,000,000) per project, except that
39 the implementing agency may set a limit of not more than twenty
40 million dollars (\$20,000,000) for projects that provide regional

benefits or are shared among multiple entities, at least one of which shall be a ~~small~~ disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

(2) *For the purposes of this subdivision, “initial operation and maintenance costs” means those initial, eligible, and reimbursable costs under a construction funding agreement that are incurred up to, and including, initial startup testing of the constructed project in order to deem the project complete. Initial operation and maintenance costs are eligible to receive funding pursuant to this section for a period not to exceed two years.*

(b) The state board may expend up to twenty-five million dollars (\$25,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.

(c) *The state board shall deposit two million five hundred thousand dollars (\$2,500,000) of the funds available pursuant to this section into the Drinking Water Capital Reserve Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, and shall be administered by the state board for the purpose of serving as matching funds for disadvantaged communities. The state board shall develop criteria to implement this subdivision.*

79728. Of the funds authorized in Section 79720, up to one hundred million dollars (\$100,000,000) shall be available for grants *and loans* for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.

79729. (a) For the purposes of awarding funding under this chapter, a local cost share of not less than 25 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community ~~or an economically distressed area~~.

(b) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(c) Funding authorized pursuant to this chapter shall include funding for technical assistance to disadvantaged communities. The agency administering this funding shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.

(d) Funding for planning activities, including technical assistance, to benefit disadvantaged communities may exceed 10 percent of the funds allocated, subject to the determination of the need for additional planning funding by the state agency administering the funding.

CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL WATERS, AND WATERSHEDS

79730. The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for multibenefit ecosystem and watershed protection and restoration projects that protect and improve California watersheds, wetlands, forests, and flood plains.

79731. (a) Of the funds made available by this chapter, seven hundred fifty million dollars (\$750,000,000) shall be available for appropriation as follows:

(1) Baldwin Hills Conservancy: eight million six hundred thousand dollars (\$8,600,000).

(2) California Tahoe Conservancy: twenty-five million seven hundred thousand dollars (\$25,700,000).

(3) Coachella Valley Mountains Conservancy: seventeen million one hundred thousand dollars (\$17,100,000).

(4) San Diego River Conservancy: eight million six hundred thousand dollars (\$8,600,000).

(5) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy: thirty-four million three hundred thousand dollars (\$34,300,000).

(6) San Joaquin River Conservancy: seventeen million one hundred thousand dollars (\$17,100,000).

(7) Santa Monica Mountains Conservancy: fifty-five million seven hundred thousand dollars (\$55,700,000).

(8) Sierra Nevada Conservancy: fifty-five million seven hundred thousand dollars (\$55,700,000).

(9) State Coastal Conservancy: three hundred million dollars (\$300,000,000).

(10) Wildlife Conservation Board: one hundred eighty-four million three hundred thousand dollars (\$184,300,000).

1 (11) California Ocean Protection Council: forty-two million
2 nine hundred thousand dollars (\$42,900,000).

3 (b) Of the funds allocated to the State Coastal Conservancy
4 pursuant to paragraph (9) of subdivision (a), one hundred seven
5 million dollars one hundred thousand dollars (\$107,100,000) are
6 available as follows:

7 (1) Forty-two million eight hundred thousand dollars
8 (\$42,800,000) shall be available for projects that help restore
9 coastal salmonid populations.

10 (2) Sixty-four million three hundred thousand dollars
11 (\$64,300,000) shall be available for flood control projects on public
12 lands that provide critical flood, water quality, and wetland
13 ecosystem benefits to the San Francisco Bay region.

14 79732. In protecting and restoring California rivers, lakes,
15 streams, and watersheds, the purposes of this chapter are to:

16 (a) Protect and increase the economic benefits arising from
17 healthy watersheds, fishery resources, and instream flow.

18 (b) Implement watershed adaptation projects in order to reduce
19 the impacts of climate change on California's communities and
20 ecosystems.

21 (c) Restore river parkways throughout the state, including, but
22 not limited to, projects pursuant to the California River Parkways
23 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of
24 Division 5 of the Public Resources Code), in the Urban Streams
25 Restoration Program established pursuant to Section 7048, and
26 urban river greenways.

27 (d) Protect and restore aquatic, wetland, and migratory bird
28 ecosystems, including fish and wildlife corridors and the
29 acquisition of water rights for instream flow pursuant to Section
30 1707.

31 (e) Fulfill the obligations of the State of California in complying
32 with the terms of multiparty settlement agreements related to water
33 resources.

34 (f) Remove barriers to fish passage.

35 (g) Collaborate with federal agencies in the protection of fish
36 native to California and wetlands in the central valley of California.

37 (h) Implement fuel treatment projects to reduce wildfire risks,
38 protect watersheds tributary to water storage facilities, and promote
39 watershed health.

1 (i) Protect and restore rural and urban watershed health to
2 improve watershed storage capacity, forest health, protection of
3 life and property, stormwater resource management, and
4 greenhouse gas reduction.

5 (j) Promote access and recreational opportunities to watersheds
6 and waterways that are compatible with habitat values and water
7 quality objectives.

8 (k) Promote educational opportunities to instruct and inform
9 Californians, including young people, about the value of
10 watersheds.

11 (l) Protect and restore coastal watersheds, including, but not
12 limited to, bays, marine estuaries, and nearshore ecosystems.

13 (m) Reduce pollution or contamination of rivers, lakes, streams,
14 or coastal waters, prevent and remediate mercury contamination
15 from legacy mines, and protect or restore natural system functions
16 that contribute to water supply, water quality, or flood management.

17 (n) Assist in the recovery of endangered, threatened, or
18 migratory species by improving watershed health, instream flows
19 pursuant to Section 1707, fish passage, coastal or inland wetland
20 restoration, or other means, such as natural community
21 conservation plan and habitat conservation plan implementation.

22 (o) Promote urban forestry pursuant to the Urban Forest Act of
23 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.5
24 of Division 4 of the Public Resources Code).

25 79733. For restoration and ecosystem protection projects under
26 this chapter, the services of the California Conservation Corps or
27 a local conservation corps certified by the California Conservation
28 Corps shall be used whenever feasible.

29 79734. (a) (1) Notwithstanding Section 79711, of the funds
30 authorized in Section 79730, five hundred million dollars
31 (\$500,000,000) shall be available for appropriation to the secretary
32 to fulfill the obligations of the State of California in complying
33 with the terms of any of the following:

34 (A) The February 18, 2010, Klamath Basin Restoration
35 Agreement or Klamath Hydroelectric Settlement Agreement.

36 (B) Chapters 611, 612, and 613 of the Statutes of 2003, which
37 were enacted to facilitate the execution and implementation of the
38 Quantification Settlement Agreement, including restoration of the
39 Salton Sea.

1 (C) The San Joaquin River Restoration Settlement, as described
2 in Part I of Subtitle A of Title X of Public Law 111-11.

3 (D) Section 3406(d) of Title 34 of Public Law 102-575.

4 (E) The Tahoe Regional Planning Compact set forth in Section
5 66801 of the Government Code pursuant to Title 7.42 (commencing
6 with Section 66905) of the Government Code.

7 (2) Expenditures funded by this subdivision shall comply with
8 Section 16727 of the Government Code.

9 (b) Of the funds authorized in Section 79730, two hundred fifty
10 million dollars (\$250,000,000) shall be available for appropriation
11 to the secretary for a competitive program to fund multibenefit
12 watershed and urban rivers enhancement projects in urban
13 watersheds, including watersheds that drain into the San Francisco
14 Bay, that increase regional and local water self-sufficiency, and
15 that meet at least two or more of the following objectives:

16 (1) Promote groundwater recharge and water reuse.

17 (2) Reduce energy consumption.

18 (3) Use soils, plants, and natural processes to treat runoff.

19 (4) Create or restore native habitat.

20 (5) Increase regional and local resiliency and adaptability to
21 climate change.

22 (c) The program described in subdivision (b) shall be
23 implemented by state conservancies, the Wildlife Conservation
24 Board, or other entities designated by the secretary whose
25 jurisdiction includes urban watersheds. The projects are subject
26 to a plan developed jointly by the conservancies, the Wildlife
27 Conservation Board, or other designated entities in consultation
28 with the secretary.

29 (d) At least 25 percent of the funds available pursuant to this
30 section shall be allocated for projects that benefit disadvantaged
31 communities.

32 (e) Up to 10 percent of the funds available pursuant to this
33 section may be allocated for project planning.

34 79735. For the purposes of this chapter, the terms “protection”
35 and “restoration” have the meanings set forth in Section 75005 of
36 the Public Resources Code.

1 CHAPTER 7. CLIMATE CHANGE AND DROUGHT PREPAREDNESS
2 FOR REGIONAL WATER ~~SECURITY~~ *RELIABILITY*
3

4 79740. The sum of two billion dollars (\$2,000,000,000) shall
5 be available, upon appropriation by the Legislature from the fund,
6 for expenditures and competitive grants and loans to projects that
7 respond to climate change and contribute to regional water security
8 as provided in this chapter.

9 79741. In order to improve regional water self-reliance and
10 adapt to the effects on water supply arising out of climate change,
11 the purposes of this chapter are to:

12 (a) Help water infrastructure systems adapt to climate change,
13 including, but not limited to, sea level rise.

14 (b) Provide incentives for water agencies throughout each
15 watershed to collaborate in managing the region's water resources
16 and setting regional priorities for water infrastructure.

17 (c) Improve regional water self-reliance, including projects
18 consistent with Section 85021.

19 79742. (a) In selecting among proposed projects in a
20 watershed, the scope of the adopted integrated regional water
21 management plan may be considered by the administering state
22 agency, with priority going to projects in plans that cover a greater
23 portion of the watershed. If a plan covers substantially all of the
24 watershed, then the plan's project priorities shall be given deference
25 if the project and plan otherwise meet the requirements of this
26 division and the Integrated Regional Water Management Planning
27 Act of 2002 (Part 2.2 (commencing with Section 10530) of
28 Division 6).

29 (b) An urban water supplier that does not prepare, adopt, and
30 submit its urban water management plan in accordance with the
31 Urban Water Management Planning Act (Part 2.6 (commencing
32 with Section 10610) of Division 6) is ineligible to apply for funds
33 made available pursuant to this chapter until the urban water
34 management plan is prepared and submitted in accordance with
35 the requirements of that act. The department shall certify that an
36 urban water management plan meets the requirements of the Urban
37 Water Management Planning Act and Sections 10608.56 and
38 10631.5 before awarding any grants or loans pursuant to this
39 chapter.

1 (c) An agricultural water supplier that does not prepare, adopt,
2 and submit its agricultural water management plan in accordance
3 with the Agricultural Water Management Planning Act (Part 2.8
4 (commencing with Section 10800) of Division 6) is ineligible to
5 apply for funds made available pursuant to this chapter until the
6 agricultural water management plan is prepared and submitted in
7 accordance with the requirements of that act. The department shall
8 certify that an agricultural water management plan meets the
9 requirements of the Agricultural Water Management Planning Act
10 and Section 10608.56 before awarding any grants or loans pursuant
11 to this chapter.

12 (d) A local agency that does not prepare, adopt, and submit its
13 groundwater management plan in accordance with Part 2.75
14 (commencing with Section 10750) of Division 6 is ineligible to
15 apply for funds made available pursuant to this chapter until the
16 plan is prepared and submitted in accordance with the requirements
17 of that part. The department shall certify that a groundwater
18 management plan meets the requirements of that part and Section
19 10753.7 before awarding any grants or loans pursuant to this
20 chapter.

21 (e) For the purposes of awarding funding under this chapter, a
22 cost share from nonstate sources of not less than 25 percent of the
23 total costs of the project shall be required. The cost sharing
24 requirement may be waived or reduced for projects that directly
25 benefit a disadvantaged community or an economically distressed
26 area: *community*.

27 (f) Not less than 10 percent of the funds authorized by this
28 chapter shall be allocated to projects that directly benefit
29 disadvantaged communities.

30 (g) For the purposes of awarding funding under Section 79744,
31 the applicant shall demonstrate that the integrated regional water
32 management plan the applicant's project implements contributes
33 to addressing the risks in the region to water supply and water
34 infrastructure arising from climate change.

35 (h) Projects that achieve multiple benefits shall receive special
36 consideration.

37 79743. Subject to the determination of regional priorities by
38 the regional water management group and the purposes described
39 in Section 79741, projects eligible for funding allocated regionally
40 by Section 79744 shall be regional projects or programs, as defined

1 in Section 10537, and may include, but are not limited to, projects
2 that promote any of the following:

3 (a) Water reuse and recycling for nonpotable reuse and direct
4 and indirect potable reuse.

5 (b) Water-use efficiency and water conservation.

6 (c) Local and regional surface and underground water storage,
7 including groundwater aquifer cleanup or recharge projects.

8 (d) Regional water conveyance facilities that improve integration
9 of separate water systems.

10 (e) Watershed protection, restoration, and management projects,
11 including projects that reduce the risk of wildfire or improve water
12 supply reliability or water quality.

13 (f) Stormwater resource management plans and projects pursuant
14 to the Stormwater Resource Planning Act (Part 2.3 (commencing
15 with Section 10560) of Division 6).

16 (g) Conjunctive use of surface and groundwater storage
17 facilities.

18 (h) Water desalination projects.

19 (i) Improvement of water quality, including drinking water
20 treatment and distribution, groundwater and aquifer remediation,
21 matching water quality to water use, wastewater treatment, water
22 pollution prevention, and management of urban and agricultural
23 runoff.

24 79744. (a) Of the funds authorized in Section 79740, the sum
25 of one billion dollars (\$1,000,000,000) shall be administered
26 according to this section.

27 (b) Funds made available pursuant to this section shall be
28 available for appropriation to, and shall be administered by, the
29 department in close collaboration with the state board. Specific
30 project and planning grant awards shall be selected jointly by the
31 director and chair of the state board.

32 (c) Funds shall be allocated to the hydrologic regions as
33 identified in the California Water Plan in accordance with this
34 section. For the South Coast hydrologic region, the department
35 shall establish three funding areas that reflect the watersheds of
36 San Diego County and southern Orange County (designated as the
37 San Diego subregion), the Santa Ana River watershed (designated
38 as the Santa Ana subregion), and the Los Angeles and Ventura
39 County watersheds (designated as the Los Angeles subregion),
40 and shall allocate funds to those areas in accordance with this

1 subdivision. The North and South Lahontan hydrologic regions
2 shall be treated as one area for the purpose of allocating funds. For
3 purposes of this subdivision, the Sacramento River hydrologic
4 region does not include the Delta. For purposes of this subdivision,
5 the Mountain Counties Overlay is not eligible for funds from the
6 Sacramento River hydrologic region or the San Joaquin River
7 hydrologic region. Multiple integrated regional water management
8 plans may be recognized in each of the areas allocated funding.

9 (d) Funds described in this section shall be allocated as follows:

10 (1) Forty-five million dollars (\$45,000,000) for the North Coast
11 hydrologic region.

12 (2) One hundred thirty-two million dollars (\$132,000,000) for
13 the San Francisco Bay hydrologic region.

14 (3) Fifty-eight million dollars (\$58,000,000) for the Central
15 Coast hydrologic region.

16 (4) One hundred ninety-eight million dollars (\$198,000,000)
17 for the Los Angeles subregion.

18 (5) One hundred nineteen million dollars (\$119,000,000) for
19 the Santa Ana subregion.

20 (6) Ninety-six million dollars (\$96,000,000) for the San Diego
21 subregion.

22 (7) Seventy-six million dollars (\$76,000,000) for the Sacramento
23 River hydrologic region.

24 (8) Sixty-four million dollars (\$64,000,000) for the San Joaquin
25 River hydrologic region.

26 (9) Seventy million dollars (\$70,000,000) for the Tulare/Kern
27 hydrologic region.

28 (10) Fifty-one million dollars (\$51,000,000) for the North/South
29 Lahontan hydrologic region.

30 (11) Forty-seven million dollars (\$47,000,000) for the Colorado
31 River Basin hydrologic region.

32 (12) Forty-four million dollars (\$44,000,000) for the Mountain
33 Counties Overlay.

34 (e) Funds allocated pursuant to this section may be used for the
35 purposes described in Sections 79745 and 79747.

36 79745. (a) Of the funds authorized by Section 79740, two
37 hundred fifty million dollars (\$250,000,000) shall be available for
38 appropriation to the department for direct expenditures, grants,
39 and loans for water conservation and water use efficiency plans,
40 projects, and programs, including either of the following:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets developed pursuant to Section 10608.20. Priority for funding shall be given to programs that do any of the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(2) Agricultural water management plans or agricultural water use efficiency projects and programs developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6. Of the funds provided by this section, one hundred million dollars (\$100,000,000) shall be available for improving on-farm water use efficiency, including, but not limited to, drip irrigation.

(b) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier.

(c) For purposes of this section, funded projects shall not be required to comply with the requirements of the Integrated Regional Water Management Planning Act of 2002 (Part 2.2 (commencing with Section 10530) of Division 6). The funding available pursuant to this section may be appropriated to an integrated regional water management program or plan.

79746. Of the funds authorized by Section 79740, five hundred million dollars (\$500,000,000) shall be available to the state board, upon appropriation by the Legislature from the fund, for grants and low-interest loans for water recycling and advanced treatment technology projects, including all of the following:

(a) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.

1 (b) Contaminant and salt removal projects, including, but not
2 limited to, groundwater and seawater desalination and associated
3 treatment, storage, conveyance, and distribution facilities.

4 (c) Dedicated distribution infrastructure to serve residential,
5 agricultural, commercial, and industrial end-users to allow the use
6 of recycled water.

7 (d) Pilot projects for new salt and contaminant removal
8 technology.

9 (e) Groundwater recharge infrastructure related to recycled
10 water.

11 (f) Technical assistance and grant writing assistance for
12 disadvantaged communities.

13 (g) For projects funded pursuant to this section, at least a 25
14 percent local cost share shall be required. That cost share may be
15 suspended or reduced for disadvantaged ~~communities and~~
16 ~~economically distressed areas.~~ *communities.*

17 (h) Water supply reliability improvement for critical urban water
18 supplies in designated superfund areas with groundwater
19 contamination listed on the National Priorities List established
20 pursuant to Section 105 of the Comprehensive Environmental
21 Response, Compensation, and Liability Act of 1980 (42 U.S.C.
22 Sec. 9605(a)(8)(B)).

23 (i) Projects funded pursuant to this section shall be selected on
24 a competitive basis, considering all of the following criteria:

25 (1) Regional water supply reliability improvement.

26 (2) Water quality and ecosystem benefits related to decreased
27 reliance on diversions from the Delta or instream flows.

28 (3) Public health benefits from improved drinking water quality.

29 (4) Cost effectiveness.

30 (5) Energy efficiency and greenhouse gas emission impacts.

31 (6) Reasonable geographic allocation to eligible projects
32 throughout the state, including both northern and southern
33 California and coastal and inland regions.

34 (j) For the purposes of this section, eligible projects shall
35 implement a plan or strategy by one or more regional water
36 agencies or integrated regional water management groups to
37 incorporate water recycling or advanced treatment technology into
38 the region's water supplies.

39 (k) For purposes of this section, competitive programs shall be
40 implemented consistent with water recycling programs

1 administered pursuant to Sections 79140 and 79141 or consistent
2 with desalination programs administered pursuant to Sections
3 79545 and 79547.2.

4 (l) For purposes of this section, funded projects shall not be
5 required to comply with the requirements of the Integrated
6 Regional Water Management Planning Act of 2002 (Part 2.2
7 (commencing with Section 10530) of Division 6).

8 79747. (a) Of the funds authorized by Section 79740, two
9 hundred fifty million dollars (\$250,000,000) shall be available for
10 appropriation to the state board for grants and loans for projects
11 that develop, implement, or improve a stormwater capture and
12 reuse plan consistent with Part 2.3 (commencing with Section
13 10560) of Division 6 and that capture and put to beneficial use
14 stormwater or dry weather runoff.

15 (b) Stormwater capture and reuse projects developed pursuant
16 to an adopted integrated regional water management plan in
17 compliance with Part 2.2 (commencing with Section 10530) of
18 Division 6 are also eligible for funding under this section if those
19 projects were identified and developed in substantive compliance
20 with Part 2.3 (commencing with Section 10560) of Division 6.

21 (c) Projects eligible for funding under this section shall assist
22 in the capture and reuse of stormwater or dry weather runoff.
23 Eligible projects include any of the following:

24 (1) Projects that capture, convey, treat, or put to beneficial use
25 stormwater or dry weather runoff.

26 (2) The development of stormwater capture and reuse plans
27 pursuant to Part 2.3 (commencing with Section 10560) of Division
28 6.

29 (3) Decision support tools, data acquisition, and data analysis
30 to identify and evaluate the benefits and costs of potential
31 stormwater capture and reuse projects.

32 (4) Projects that, in addition to capturing and reusing stormwater
33 or dry weather runoff, improve water quality, provide public
34 benefits, such as augmentation of water supply, flood control, open
35 space, and recreation, and projects designed to mimic or restore
36 natural watershed functions.

37 (d) The state board shall grant special consideration to plans or
38 projects that provide multiple benefits such as water quality, water
39 supply, flood control, natural lands, or recreation.

1 (e) The state board shall require a 25 percent local cost share
2 for grant funds, but may suspend or reduce the matching
3 requirements for projects that capture or reuse stormwater or dry
4 weather runoff in disadvantaged communities.

5 (f) The state board shall adopt a policy establishing criteria for
6 projects funded by this section to ensure that a project funded
7 pursuant to this section complies with water quality laws and does
8 not put at risk any groundwater or surface water supplies.

9 79748. In order to receive funding authorized by this chapter
10 to address groundwater quality or supply in an aquifer, the
11 applicant shall demonstrate that a public agency has authority to
12 manage the water resources in that aquifer. A groundwater
13 management plan adopted and approved pursuant to Part 2.75
14 (commencing with Section 10750) of Division 6 shall be deemed
15 sufficient to satisfy the requirements of this section.

16
17 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA
18 SUSTAINABILITY
19

20 79750. (a) The sum of one billion dollars (\$1,000,000,000)
21 shall be available, upon appropriation by the Legislature from the
22 fund, for grants and direct expenditures to improve the
23 sustainability of the Delta as follows:

24 (1) Four hundred million dollars (\$400,000,000) of the funding
25 available pursuant to this chapter shall be available for
26 appropriation to the department for the purpose identified in
27 subdivision (b) of Section 79751.

28 (2) Six hundred million dollars (\$600,000,000) of the funding
29 available pursuant to this chapter shall be available for
30 appropriation to the Sacramento-San Joaquin Delta Conservancy
31 for the purposes identified in subdivisions (a) and (c) of Section
32 79751.

33 (3) Funding available pursuant to paragraphs (1) and (2) may
34 be combined to provide funding to projects that accomplish more
35 than one of the purposes identified in Section 79751.

36 (b) This chapter provides state funding for public benefits
37 associated with projects needed to assist in the Delta's
38 sustainability as a vital resource for fish, wildlife, water quality,
39 water supply, agriculture, and recreation.

1 79751. In order to promote the sustainability and resiliency of
2 the Delta, the purposes of this chapter are to:

- 3 (a) Protect, restore, and enhance the Delta ecosystem.
- 4 (b) Maintain and improve existing Delta levees.
- 5 (c) Promote the sustainability of the Delta.

6 79752. The funds authorized in Section 79750 shall not be
7 used to pay the costs of a public agency exercising eminent domain
8 to acquire or use property. All property acquired with moneys
9 available pursuant to this chapter shall be acquired from willing
10 sellers.

11 79754. Funding authorized by this chapter for the purpose of
12 subdivision (a) of Section 79751 may include, but is not limited
13 to, the following:

14 (a) Projects to protect and restore native fish and wildlife
15 dependent on the Delta ecosystem, including improvement of
16 aquatic or terrestrial habitat or the removal or reduction of
17 undesirable invasive species.

18 (b) Projects to reduce greenhouse gas emissions from exposed
19 Delta soils.

20 (c) Scientific studies and assessments that support the projects
21 authorized under this section.

22 79755. (a) Funding authorized by this chapter for the purpose
23 of subdivision (b) of Section 79751 shall reduce the risk of levee
24 failure and flood in the Delta and may be expended, consistent
25 with the Delta levee investment priorities recommended pursuant
26 to Section 85306, for any of the following:

27 (1) Local assistance under the Delta levee maintenance
28 subventions program under Part 9 (commencing with Section
29 12980) of Division 6.

30 (2) Special flood protection projects under Chapter 2
31 (commencing with Section 12310) of Part 4.8 of Division 6.

32 (3) Levee improvement projects that increase the resiliency of
33 levees within the Delta to withstand earthquake, flooding, or sea
34 level rise.

35 (4) Emergency response and repair projects.

36 (b) All projects funded pursuant to this section shall be subject
37 to Section 79050.

38 (c) The department shall, as a part of the 2015–16 fiscal year
39 May budget revision, provide the Senate and Assembly Budget
40 Committees a proposal for implementing paragraphs (3) and (4)

1 of subdivision (a) including any changes to statutes necessary to
2 implement that proposal.

3
4 CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE
5

6 79760. (a) Notwithstanding Section 162, the commission may
7 make the determinations, findings, and recommendations required
8 of it by this chapter independent of the views of the director. All
9 final actions by the commission in implementing this chapter shall
10 be taken by a majority of the members of the commission at a
11 public meeting noticed and held pursuant to the Bagley-Keene
12 Open Meeting Act (Article 9 (commencing with Section 11120)
13 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
14 Code).

15 (b) The commission shall submit project status reports as
16 requested to the Department of Finance.

17 (c) Projects shall be selected by the commission through a
18 competitive public process that ranks potential projects based on
19 the expected return for public investment as measured by the
20 magnitude of the public benefits provided, pursuant to criteria
21 established under this chapter.

22 (d) Only projects selected by the commission shall be eligible
23 for funding authorized by this chapter. Funding authorized by this
24 chapter shall be appropriated to the commission.

25 (e) The commission shall, to the extent feasible, maximize the
26 following:

27 (1) Leveraging of the funding made available in this chapter
28 with funds from federal, local, and private sources.

29 (2) Statewide storage benefits or regional storage benefits that
30 promote regional self-reliance.

31 79761. The sum of two billion five hundred million dollars
32 (\$2,500,000,000) shall be available, upon appropriation by the
33 Legislature, from the fund to the commission, for expenditures,
34 competitive grants, and loans for public benefits associated with
35 projects that expand the state's water storage capacity.

36 79762. In order to expand the state's water storage capacity to
37 address the impacts of climate change on the snow pack in the
38 Sierra Nevada Mountains and water storage resources, the purposes
39 of this chapter are to:

40 (a) Construct new surface water storage projects.

1 (b) Restore and expand groundwater aquifer storage capacity.
2 (c) Restore water storage capacity of existing surface water
3 storage reservoirs.

4 (d) Remediate or prevent contamination of groundwater aquifers.

5 (e) Construct and expand stormwater retention facilities.

6 79763. Projects for which the public benefits are eligible for
7 funding under this chapter consist of only the following:

8 (a) Surface storage projects identified in the CALFED Bay-Delta
9 Program Record of Decision, dated August 28, 2000, except for
10 projects prohibited by Chapter 1.4 (commencing with Section
11 5093.50) of Division 5 of the Public Resources Code.

12 (b) Groundwater storage projects and groundwater
13 contamination prevention or remediation projects that provide
14 water storage benefits.

15 (c) Conjunctive use and reservoir reoperation projects.

16 (d) Local and regional surface storage projects that improve the
17 operation of water systems in the state, including, but not limited
18 to, reservoirs for storing recycled water.

19 (e) Projects that remove sediment, improve dam stability in
20 seismic events, or otherwise restore water storage capacity in
21 existing water storage reservoirs.

22 79764. A project in the Delta watershed shall not be funded
23 pursuant to this chapter unless it provides measurable
24 improvements to the Delta ecosystem.

25 79765. (a) Funds allocated pursuant to this chapter may be
26 expended solely for the following public benefits associated with
27 water storage projects:

28 (1) Ecosystem improvements, including changing the timing of
29 water diversions, improvement in flow conditions, temperature,
30 or other benefits that contribute to restoration of aquatic ecosystems
31 and native fish and wildlife, including those ecosystems and fish
32 and wildlife in the Delta or the Delta tributaries.

33 (2) Water quality improvements in the Delta, or in other river
34 systems, that provide significant public trust fish and wildlife
35 resources, or that clean up and restore groundwater resources.

36 (3) Flood control benefits, including, but not limited to, increases
37 in flood reservation space in existing reservoirs by exchange for
38 existing or increased water storage capacity in response to the
39 effects of changing hydrology and decreasing snow pack on
40 California's water and flood management system.

1 (b) Notwithstanding subdivision (a), in response to an
2 emergency declared by the Governor, funds provided by this
3 chapter may be used to acquire or to reimburse the costs of
4 acquiring emergency water supplies and flows for dilution and
5 salinity repulsion following a natural disaster or act of terrorism.

6 79766. In consultation with the Department of Fish and
7 Wildlife, the state board, and the department, the commission shall
8 develop and adopt, by regulation, methods for quantification and
9 management of public benefits described in Section 79765 by
10 December 15, 2015. The regulations shall include the priorities
11 and relative environmental value of ecosystem benefits as provided
12 by the Department of Fish and Wildlife and the priorities and
13 relative environmental value of water quality benefits as provided
14 by the state board.

15 79767. (a) Except as provided in subdivision (c), funds
16 allocated pursuant to this chapter shall not be allocated for a project
17 until the commission approves the project based on the
18 commission's determination that all of the following have occurred:

19 (1) The commission has adopted the regulations specified in
20 Section 79766 and specifically quantified and made public the cost
21 of the public benefits associated with the project.

22 (2) For projects to be constructed and operated by the
23 department, the department has entered into a contract with each
24 party that will derive benefits, other than public benefits, as defined
25 in Section 79765, from the project that ensures the party will pay
26 its share of the total costs of the project. The benefits available to
27 a party shall be consistent with that party's share of total project
28 costs.

29 (3) The department has entered into a contract with each public
30 agency identified in Section 79766 that administers the public
31 benefits, after that agency makes a finding that the public benefits
32 of the project for which that agency is responsible meet all the
33 requirements of this chapter, to ensure that the public contribution
34 of funds pursuant to this chapter achieves the public benefits
35 identified for the project.

36 (4) The commission has held a public hearing for the purposes
37 of providing an opportunity for the public to review and comment
38 on the information required to be prepared pursuant to this
39 subdivision.

40 (5) All of the following additional conditions are met:

1 (A) Feasibility studies have been completed.

2 (B) The commission has found and determined that the project
3 is feasible, is consistent with all applicable laws and regulations,
4 and, if the project is in the Delta watershed, will advance one or
5 more of the policy objectives specified in Section 85020.

6 (C) All environmental documentation associated with the project
7 has been completed, and all other federal, state, and local approvals,
8 certifications, and agreements required to be completed have been
9 obtained.

10 (b) The commission shall submit to the Legislature its findings
11 for each of the criteria identified in subdivision (a) for a project
12 funded pursuant to this chapter.

13 (c) Notwithstanding subdivision (a), funds may be made
14 available under this chapter for the completion of environmental
15 documentation and permitting of a project.

16 79768. (a) The public benefit cost share of a project funded
17 pursuant to this chapter shall not exceed 50 percent of the total
18 costs of any project funded under this chapter.

19 (b) In order to receive funding authorized by this chapter to
20 improve groundwater storage in an aquifer, the applicant shall
21 demonstrate that a public agency has authority to manage the water
22 resources in that aquifer.

23 79769. (a) A project is not eligible for funding under this
24 chapter unless, by January 1, 2018, all of the following conditions
25 are met:

26 (1) All feasibility studies are complete and draft environmental
27 documentation is available for public review.

28 (2) The commission makes a finding that the project is feasible,
29 and will advance the long-term objectives of restoring ecological
30 health and improving water management for beneficial uses.

31 (3) For projects to be constructed and operated by the
32 department, the director receives commitments for not less than
33 75 percent of the nonpublic benefit cost share of the project.

34 (b) If compliance with subdivision (a) is delayed by litigation
35 or failure to promulgate regulations, the date in subdivision (a)
36 shall be extended by the commission for a time period that is equal
37 to the time period of the delay, and funding under this chapter that
38 has been dedicated to the project shall be encumbered until the
39 time at which the litigation is completed or the regulations have
40 been promulgated.

1 79770. (a) Funding authorized by this chapter shall not be
2 used to pay any share of the costs of remediation—~~recovered~~
3 *recoverable* from parties responsible for the contamination of a
4 groundwater storage aquifer, but may be used to pay costs that
5 cannot be recovered from responsible parties. Parties that receive
6 funding for remediating groundwater storage aquifers shall exercise
7 reasonable efforts to recover the costs of groundwater cleanup
8 from the parties responsible for the contamination.

9 (b) Projects and activities that leverage funding from local
10 agencies and responsible parties to the maximum extent possible
11 shall receive priority consideration.

12 79771. From the funds described in Section 79761, upon
13 appropriation by the Legislature, the commission shall make
14 twenty-five million dollars (\$25,000,000) available to the
15 department for studying the feasibility of additional surface storage
16 projects. Funds provided by this section are not available to study
17 the feasibility of any storage project identified in the CALFED
18 Bay-Delta Program Record of Decision, dated August 28, 2000.

19
20 CHAPTER 10. FISCAL PROVISIONS
21

22 79800. (a) Bonds in the total amount of eight billion dollars
23 (\$8,000,000,000), or so much thereof as is necessary, not including
24 the amount of any refunding bonds issued in accordance with
25 Section 79812 may be issued and sold to provide a fund to be used
26 for carrying out the purposes expressed in this division and to
27 reimburse the General Obligation Bond Expense Revolving Fund
28 pursuant to Section 16724.5 of the Government Code. The bonds,
29 when sold, shall be and constitute a valid and binding obligation
30 of the State of California, and the full faith and credit of the State
31 of California is hereby pledged for the punctual payment of both
32 principal of, and interest on, the bonds as the principal and interest
33 become due and payable.

34 (b) The Treasurer shall sell the bonds authorized by the
35 committee pursuant to this section. The bonds shall be sold upon
36 the terms and conditions specified in a resolution to be adopted
37 by the committee pursuant to Section 16731 of the Government
38 Code.

39 79801. The bonds authorized by this division shall be prepared,
40 executed, issued, sold, paid, and redeemed as provided in the State

1 General Obligation Bond Law (Chapter 4 (commencing with
2 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
3 Code), and all of the provisions of that law apply to the bonds and
4 to this division and are hereby incorporated in this division as
5 though set forth in full in this division, except subdivisions (a) and
6 (b) of Section 16727 of the Government Code.

7 79802. (a) Solely for the purpose of authorizing the issuance
8 and sale pursuant to the State General Obligation Bond Law
9 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
10 4 of Title 2 of the Government Code) of the bonds authorized by
11 this division, the Clean, Safe, and Reliable Drinking Water Finance
12 Committee is hereby created. For purposes of this division, the
13 Clean, Safe, and Reliable Drinking Water Finance Committee is
14 the “committee” as that term is used in the State General Obligation
15 Bond Law.

16 (b) The committee consists of the Director of Finance, the
17 Treasurer, the Controller, the Director of Water Resources, and
18 the Secretary of the Natural Resources Agency. Notwithstanding
19 any other provision of law, any member may designate a
20 representative to act as that member in his or her place for all
21 purposes, as though the member were personally present.

22 (c) The Treasurer shall serve as chairperson of the committee.

23 (d) A majority of the committee may act for the committee.

24 79803. The committee shall determine whether or not it is
25 necessary or desirable to issue bonds authorized pursuant to this
26 division in order to carry out the actions specified in this division
27 and, if so, the amount of bonds to be issued and sold. Successive
28 issues of bonds may be authorized and sold to carry out those
29 actions progressively, and it is not necessary that all of the bonds
30 authorized to be issued be sold at any one time.

31 79804. For purposes of the State General Obligation Bond
32 Law, “board,” as defined in Section 16722 of the Government
33 Code, means the Department of Water Resources.

34 79805. There shall be collected each year and in the same
35 manner and at the same time as other state revenue is collected,
36 in addition to the ordinary revenues of the state, a sum in an amount
37 required to pay the principal of, and interest on, the bonds each
38 year. It is the duty of all officers charged by law with any duty in
39 regard to the collection of the revenue to do and perform each and
40 every act that is necessary to collect that additional sum.

1 79806. Notwithstanding Section 13340 of the Government
2 Code, there is hereby appropriated from the General Fund in the
3 State Treasury, for the purposes of this division, an amount that
4 will equal the total of the following:

5 (a) The sum annually necessary to pay the principal of, and
6 interest on, bonds issued and sold pursuant to this division, as the
7 principal and interest become due and payable.

8 (b) The sum that is necessary to carry out the provisions of
9 Section 79809, appropriated without regard to fiscal years.

10 79807. The board may request the Pooled Money Investment
11 Board to make a loan from the Pooled Money Investment Account
12 in accordance with Section 16312 of the Government Code for the
13 purpose of carrying out this division less any amount withdrawn
14 pursuant to Section 79809. The amount of the request shall not
15 exceed the amount of the unsold bonds that the committee has, by
16 resolution, authorized to be sold for the purpose of carrying out
17 this division. The board shall execute those documents required
18 by the Pooled Money Investment Board to obtain and repay the
19 loan. Any amounts loaned shall be deposited in the fund to be
20 allocated in accordance with this division.

21 79808. Notwithstanding any other provision of this division,
22 or of the State General Obligation Bond Law, if the Treasurer sells
23 bonds that include a bond counsel opinion to the effect that the
24 interest on the bonds is excluded from gross income for federal
25 tax purposes under designated conditions or is otherwise entitled
26 to any federal tax advantage, the Treasurer may maintain separate
27 accounts for the bond proceeds invested and for the investment
28 earnings on those proceeds, and may use or direct the use of those
29 proceeds or earnings to pay any rebate, penalty, or other payment
30 required under federal law or take any other action with respect
31 to the investment and use of those bond proceeds, as may be
32 required or desirable under federal law in order to maintain the
33 tax-exempt status of those bonds and to obtain any other advantage
34 under federal law on behalf of the funds of this state.

35 79809. For the purposes of carrying out this division, the
36 Director of Finance may authorize the withdrawal from the General
37 Fund of an amount or amounts not to exceed the amount of the
38 unsold bonds that have been authorized by the committee to be
39 sold for the purpose of carrying out this division less any amount
40 borrowed pursuant to Section 79807. Any amounts withdrawn

1 shall be deposited in the fund. Any moneys made available under
2 this section shall be returned to the General Fund, with interest at
3 the rate earned by the moneys in the Pooled Money Investment
4 Account, from proceeds received from the sale of bonds for the
5 purpose of carrying out this division.

6 79810. All moneys deposited in the fund that are derived from
7 premium and accrued interest on bonds sold pursuant to this
8 division shall be reserved in the fund and shall be available for
9 transfer to the General Fund as a credit to expenditures for bond
10 interest, except that amounts derived from premium may be
11 reserved and used to pay the cost of bond issuance prior to any
12 transfer to the General Fund.

13 79811. Pursuant to Chapter 4 (commencing with Section
14 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
15 the cost of bond issuance shall be paid out of the bond proceeds,
16 including premium, if any. To the extent the cost of bond issuance
17 is not paid from premiums received from the sale of bonds, these
18 costs shall be shared proportionately by each program funded
19 through this division by the applicable bond sale.

20 79812. The bonds issued and sold pursuant to this division
21 may be refunded in accordance with Article 6 (commencing with
22 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
23 the Government Code, which is a part of the State General
24 Obligation Bond Law. Approval by the voters of the state for the
25 issuance of the bonds under this division shall include approval
26 of the issuance of any bonds issued to refund any bonds originally
27 issued under this division or any previously issued refunding bonds.

28 79813. The proceeds from the sale of bonds authorized by this
29 division are not “proceeds of taxes” as that term is used in Article
30 XIII B of the California Constitution, and the disbursement of
31 these proceeds is not subject to the limitations imposed by that
32 article.

33 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
34 Session of the Statutes of 2009, as amended by Section 1 of
35 Chapter 74 of the Statutes of 2012, is repealed.

36 SEC. 4. Section 2 of this act shall be submitted to the voters
37 at the November 4, 2014, statewide general election in accordance
38 with provisions of the Government Code and the Elections Code
39 governing the submission of a statewide measure to the voters.

1 SEC. 5. Section 2 of this act shall take effect upon the approval
2 by the voters of the Clean, Safe, and Reliable Drinking Water Act
3 of 2014, as set forth in that section at the November 4, 2014,
4 statewide general election.

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